

# What to know about insurance coverage cancellation letters

## What is a coverage notice?

An individual health insurance plan is usually sold as a 12-month contract between you and the insurer. At the end of the contract period, the insurance company may send you a notice stating that it's choosing either to discontinue (cancel) or renew that plan with potential changes. Some of the changes to a plan may be made to meet federal and state requirements. Thousands of people get these notices every year.

Beginning in 2014, new protections and benefits can help people with individual insurance, who have faced on average 15% yearly rate hikes and high prices for plans based on health history, gender, or age.

New health insurance plans must cover a minimum set of essential health benefits and provide new consumer protections. Some insurance companies offering plans that don't provide these minimum benefits and protections are upgrading plans to include these benefits. Insurers can do this either by changing their existing plans or canceling their existing plans and offering replacement plans with the new benefits and protections. A few states have required insurers to offer new plans for 2014 rather than changing existing plans.

Health insurance plans renewed before January 1, 2014 don't have to provide these consumer protections until their next renewal in 2014.

The Affordable Care Act allows "grandfathered plans." These plans covered people at the time the law was passed and have remained substantially unchanged. They can keep offering the coverage without including many of the new protections—such as free preventive care, coverage of pre-existing conditions, rules that prohibit charging more based on gender, and coverage of essential health benefits. Plans can stay grandfathered as long as they haven't significantly reduced benefits or increased costs. If they do, they must add in the new consumer protections and benefits. If you are enrolled in a grandfathered plan, the plan must send you a yearly notice of the plan's grandfathered status. As with other types of plans, insurance companies can cancel or change a grandfathered plan at the end of the contract period, provided they meet requirements described below.

## What are insurance companies required to do?

Under the Health Insurance Portability and Accountability Act (HIPAA), a law in place before the Affordable Care Act was passed, individual plans are generally "guaranteed renewable" at the end of the 12-month contract, although they can increase premiums, increase cost-sharing, and/or reduce the scope of benefits covered. The insurer may stop offering the plan entirely if it meets all of the following requirements. It must:

- Provide at least 90 days' notice in writing to each covered individual
- Offer each covered individual the option to buy any other individual plan it offers to individuals in that market

- Treat all covered individuals the same, regardless of health status
- Follow any additional state requirements

The only time an insurer can cancel an individual plan without offering you the chance to buy a new plan is if the insurer chooses to cancel all health insurance in a state's individual market. If an insurer stops all coverage, it's prohibited from offering coverage in that state's individual market again for 5 years. It also must notify the state and all plan holders of its decision in writing at least 180 days before stopping coverage.

If you're concerned your insurer isn't following these requirements, contact your State Department of Insurance.

### **What are insurers not allowed to do?**

Under the Affordable Care Act, insurers can't market in a way that discourages people with significant health needs from enrolling in their plans. An insurer could violate these requirements if it provides renewal notices that discourage certain enrollees from buying particular products (such as qualified health plans in Health Insurance Marketplaces).

### **How can I find health coverage?**

You have new rights and benefits to help you get the health coverage you need. If your plan is being canceled or changed in a way that doesn't meet your needs, you have the right to buy any other individual plan offered by your insurer—or, new in 2014, by any other insurer offering plans through the Health Insurance Marketplace.

You can find coverage from a variety of private insurers through the Marketplace in your state. Visit [HealthCare.gov](http://HealthCare.gov) or call 1-800-318-2596 for more information.

Insurance plans in the Marketplace cover the same core set of essential health benefits and include services like prescription drugs, maternity care, and mental health coverage. You can compare plans based on price, benefits, and other features before you make a choice.

When you fill out the Marketplace application, you can find out if you're eligible for lower costs on your monthly premiums (many Americans are) and out-of-pocket costs, or for coverage under the Medicaid program or Children's Health Insurance Program (CHIP) in your state. Marketplace open enrollment ends March 31, 2014. If you enroll by December 15, 2013, coverage can begin as soon as January 1, 2014.

### **What if my insurer enrolled me in a new plan?**

If your plan was cancelled and your insurer already enrolled you in a new plan, you can still switch to a Marketplace plan or a plan offered outside the Marketplace during open enrollment, which ends on March 31, 2014. If your plan is cancelled after March 31, you have 60 days to enroll in a Marketplace plan.

Remember, if you buy a plan through the Marketplace you may qualify for lower monthly premiums and out-of-pocket costs based on your household income and household size. If

you buy health insurance outside the Marketplace, you won't qualify for lower costs based on your household size and income.

You can find out what you might qualify for through the Marketplace before you decide whether to enroll in the plan your insurer recommends. You do this by filling out a Marketplace application. If you have an individual insurance plan and want to be considered for lower costs, when you get to the part of the application asking about any existing coverage, be sure to check the box that says "Individual insurance (non-group coverage)." This way, the Marketplace can make sure you get the lowest possible costs.

### **How Can I Learn More?**

To learn more about the coverage from the Health Insurance Marketplace or your benefits and protections under the Affordable Care Act, visit **[HealthCare.gov](http://HealthCare.gov)** or call 1-800-318-2596.

